Explanation of NF-B Cost Build Up for the 2011/2012 Rate Period

2010/11 rates are the basis for 2011/12 rates. The 2011/12 rates were calculated by increasing the 2010/11 rates by 0.4262% and adjusting for the new mandates: 1) Minimum Dataset 3.0, 2) Aerosol Transmissible Disease Vaccine and Training Requirement, 3) the increase in the Quality Assurance Fee, and, 4) the increase in the License Fee Per Diem[1]. Facility Specific Identifying Information for the "2011.12 SNF-B Cost Build Up.xls" includes:

I. **Facilities (columns A through C)**: Office of Statewide Planning and Development (OSHPD) ID, the National Provider Identifier (NPI) that corresponds to each OSHPD ID, and facility name.

II. **Column D** is the peer group indicator, ranging from 1 through 7, depending on the county where each facility is located.

III. **Days (columns E through G).**

- **a.** **Column E** is each facility's skilled nursing Medi-Cal days based on each facility's fiscal period ending 2009 OSHPD Report.
- **b.** **Column F** is each facility's audited skilled nursing total days.
- **c.** **Column G** is each facility's audited Annualized Freestanding Subacute (adult) days (FSSA), if any. The FSSA days along with the annualized audited skilled nursing days are used in the calculation of the License Fee Per Diem.

IV. **Column H** is average licensed beds reported on each facility's fiscal period ending 2009 OSHPD Report.

V. **Old Mandates (columns I through J).**

- **a.** **Column I** is each facility's 2010/11 License Fee Per Diem
- **b.** **Column J** is each facility's 2010/11 Quality Assurance Fee

VI. **08/01/11-07/31/11 Rates (columns K through M).**

- **a.** **Column K** contains the 2010/11 rate.
- **b.** **Column L** is the 2010/11 "recomp rate" which is the recalculated rate resulting from a revised audit appeal.

[1] Assembly BillX1 19 stated that the facility-specific reimbursement rates effective 8/1/2011 would be based on the rates calculated for 2010/11, increased by 0.4262% and adjusted for new state and federal mandates.

c. **Column M** is either the recomp rate or the 2010/11 rate, if there is no recomp rate.

VII. **Column N** is the Rate with Percentage Increase. The percentage increase for the 2011/12 rate year is 0.4262%. Column M is multiplied by 1.004262.

VIII. New Mandates (columns O through R).

a. **Column O** is the Minimum Data Set 3.0 (MDS) add-on of $1.24 Per Diem.

b. **Column P** is the Aerosol Transmissible Disease Vaccine and Training Mandate (ATD) add-on of $0.86 Per Diem.

c. **Column Q** is the 2011/12 Quality Assurance Fee (QA Fee). Each facility that is assessed the QA Fee in 2010/2011 will be reimbursed for the Medi-Cal portion of its fee. Facilities that are exempt from the fee will not receive additional reimbursement for this cost.

d. **Column R** is the 2011/12 License Fee Per Diem. This amount is calculated by using the facility's average licensed beds (column H) multiplied by the fee per bed ($297.14 effective 8/1/2011). The total fee amount is divided by the sum of the facility's annualized audited skilled nursing days (column F) and audited FSSA days (column G) to arrive at the pass-through per diem amount.

IX. 08/01/11-07/31/12 Rate

a. **Column S** is the final rate. The final rate is calculated by adjusting the 2010/11 rate (increased by 0.4262%) for the change in the cost to the facility to comply with new state and federal mandates. For 2011/2012, new mandates include the MDS add-on, the ATD add-on, the difference in the nursing facility Quality Assurance Fee amount between 2010/2011 and 2011/2012,and the difference in the License Fee Per Diems between 2010/2011 and 2011/2012. This rate is prior to the 10% payment reduction.

b. **Column T** is the projected Medi-Cal payments prior to the 10% payment reduction. The sum of the facility's projected Medi-Cal payments is used in calculating the peer group rates and weighted average rates for facilities new to the Medi-Cal program.

X. 10 percent payment reduction

a. Assembly Bill (AB) 97 (Chapter 3, Statutes of 2011) implemented a 10 percent payment reduction to long-term care facilities effective

June 1, 2011. In addition ABX1 19, (Chapter 4, Statutes of 2011), terminates the 10 percent reduction on August 1, 2012 and provides a supplemental payment in the 2012-13 rate year that is equivalent to the 10 percent reduction applied from June 1, 2011 to July 31, 2012.